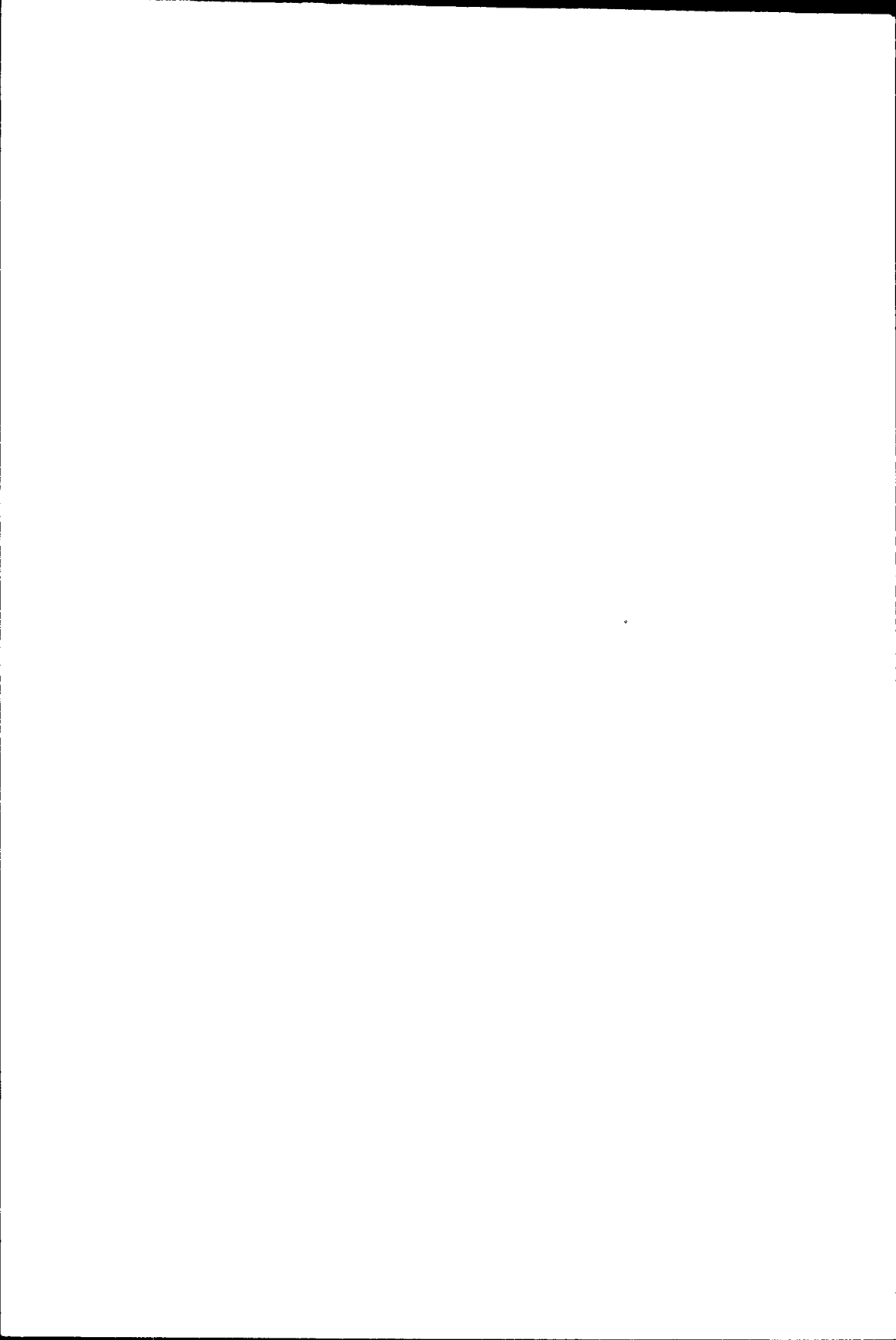


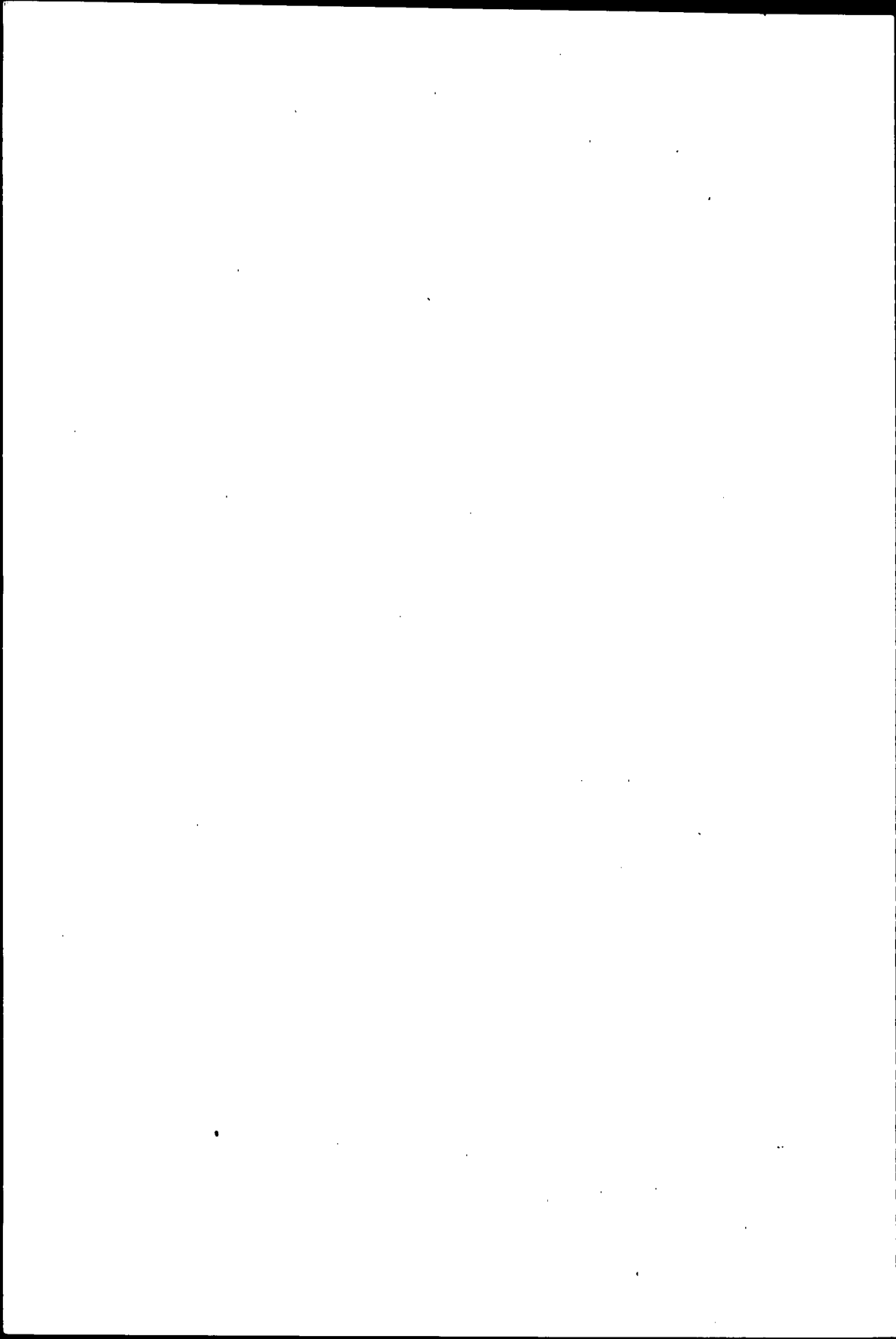
**REPORT OF  
COMMITTEE ON  
EMPLOYMENT  
AND  
RELIEF**

**PURSUANT TO  
HOUSE RESOLUTION 31**

**1950 SESSION**



**REPORT  
OF  
COMMITTEE ON EMPLOYMENT AND RELIEF  
PURSUANT TO  
HOUSE RESOLUTION 31  
(1950 SESSION)**



COMMITTEE ON EMPLOYMENT AND RELIEF  
APPOINTED IN ACCORDANCE WITH  
HOUSE RESOLUTION No. 31

CHAIRMAN—WM. H. MAHANEY,  
*Chairman, Employment Security Board*

LOUIS T. HOFFERBERT — *Senator, Baltimore City*

J. OTIS MCALLISTER — *Senator, Dorchester County*

P. G. STROMBERG — *Senator, Howard County*

NOEL SPEIR COOK — *Delegate, Allegany County*

GEORGE C. MCLEISH — *Delegate, Prince Georges County*

LEROY W. PRESTON — *Delegate, Baltimore City*

JACOB R. RAMSBURG — *Delegate, Frederick County*

HARRY I. WARREN — *Delegate, Baltimore County*

J. MILTON PATTERSON — *Director,*  
*Department of Public Welfare*

JOSEPH F. DIDOMENICO — *Commissioner,*  
*Department of Labor and Industry*

L. A. HELFRICH — *Production Manager,*  
*U. S. Industrial Chemical, Inc.*

JAMES EDWARD HOOPER — *Vice Pres., Wm. E. Hooper & Sons*

E. J. MORAN — *Pres., Maryland Industrial Union Council, C.I.O.*

RANDALL STERLING — *Asst. Business Agent,*  
*Steamfitters Local 438, A. F. of L.*

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## LETTER OF TRANSMITTAL

January 3, 1951.

TO: GOVERNOR WILLIAM PRESTON LANE, JR., AND MEMBERS OF  
THE 1951 GENERAL ASSEMBLY.

Transmitted herewith is the report of the Committee appointed, in accordance with House Resolution No. 31 of the 1950 General Assembly, for the purpose of investigating the present status of employment and relief as related matters.

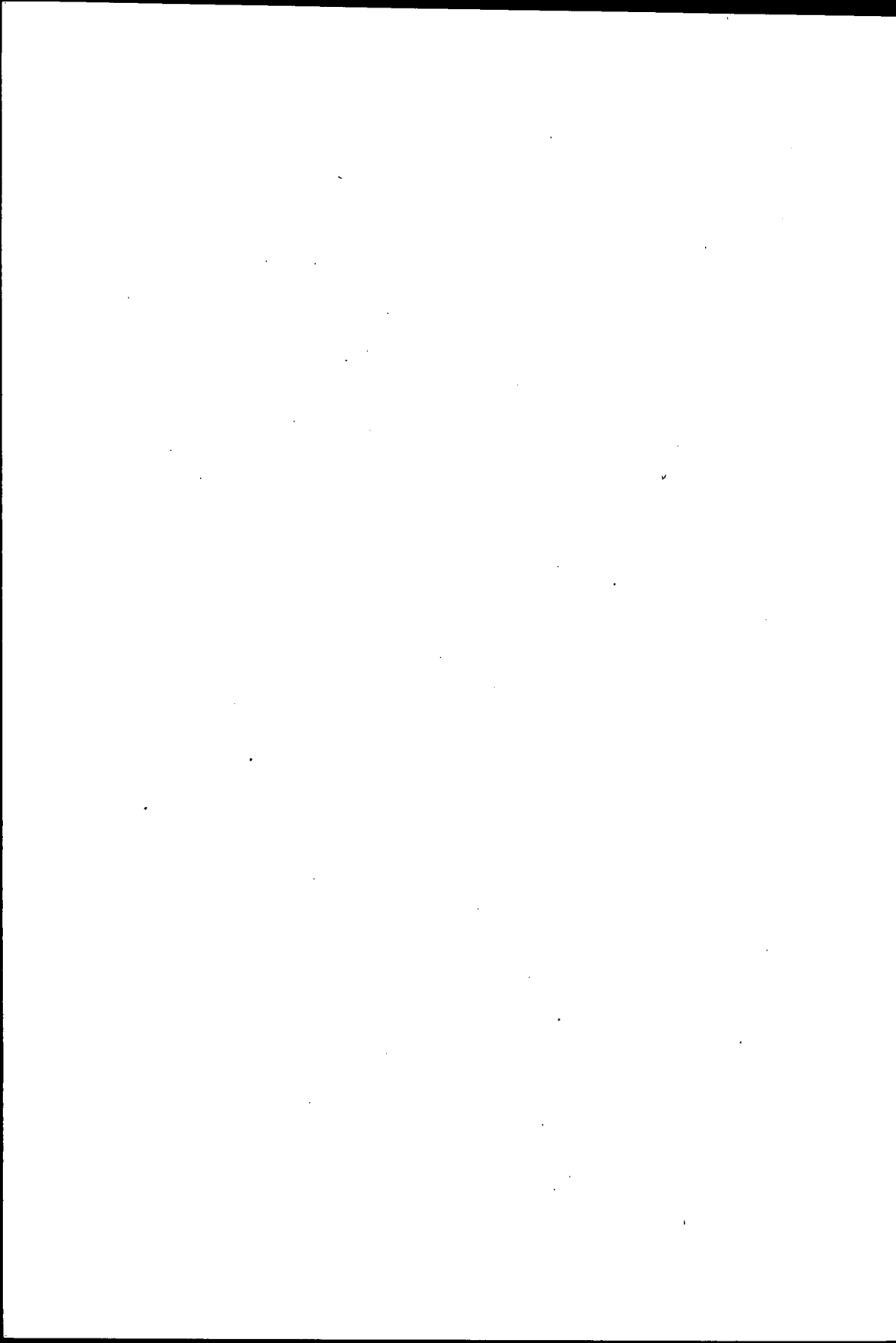
The Committee has completed the task it was appointed to perform. It has studied the problem and this report presents its findings and conclusions. It will be noted that no formal recommendations are submitted.

The report is presented in three parts. THE INTRODUCTION gives the authority for the creation of the Committee and serves as a summary of its entire activities. FINDINGS AND CONCLUSIONS covers the field of the Committee's investigations. Sources of information, along with an account of the findings and a statement of the conclusions reached, are reported for each phase of the investigations. The Western Maryland area has been treated as a separate phase of the investigations. THE FINAL DECISION OF THE COMMITTEE briefly explains why, in the best interests of national defense, formal recommendations have been omitted.

The Committee wishes to thank Mr. David L. Kauffman, Chairman of the Steering Committee of Allegany County and the many representatives of industry, labor and government who appeared at the Oakland and Cumberland Hearings. It also wishes to express its appreciation to Dr. Elwyn A. Mauch, Director of the State Fiscal Research Bureau, who discussed points five and six of the Resolution before the Committee, and to Mr. Grafton Lee Brown, State Veterans' Employment Representative and Executive Secretary of the State Veterans Service-Full Employment Committee, who gave a detailed report on point three of the resolution.

Respectfully submitted,

WILLIAM H. MAHANEY,  
*Chairman.*





## HOUSE RESOLUTION NO. 31

By the Banking, Insurance and Social Security Committee

House Resolution requesting the Governor to appoint a Committee to study the present status of employment and relief as related matters.

Whereas, House Bill No. 103 proposes that when funds are supplied to the several counties or to the City of Baltimore on a matching basis, for the relief and assistance of employable persons, such funds may be disbursed on condition that such employable persons work for the money at prevailing wage rates, and

Whereas, after consideration of the testimony adduced at a hearing on said bill the Banking, Insurance and Social Security Committee came to the conclusion that the idea advanced in the bill merited a complete and orderly consideration, which could not be given at this short session, and

Whereas, the idea of linking employment and relief was adduced in the argument on the bill, which developed the fact that employment was affected by state and national policies, which in turn affected the amount of relief assistance required, and

Whereas, national investigations of employment and relief approached the problem from the standpoint of the nation as a whole, rather than from the advantage or disadvantage of any particular state, and

Whereas, it is important to the people of Maryland to know whether the relief and employment laws, and particularly the Federal-State and State-County (City) relationship in these matters are advantageous or disadvantageous to the State of Maryland and if advantageous are sufficient to cover our needs, now therefore be it

Resolved by the House of Delegates that the Governor of Maryland be, and he is hereby requested to appoint a committee composed of fifteen members, consisting of the following designated persons, from among which persons the Governor shall designate the Chairman, said membership to consist of the Director of Public Welfare, the Director of the Department of Unemployment and Social Security, the Director of the Depart-

ment of Labor and Statistics; two representatives of Labor, two representatives of Industry, and three members of the Senate of Maryland, not more than two of whom shall be of the same political party, and five members of the House of Delegates of Maryland, not more than three of whom shall be of the same political party; that said committee shall be appointed not later than April 1, 1950, and shall meet at a place designated by the Chairman not later than May 1, 1950 and shall investigate the present status of employment and relief as related matters and report their findings and recommend corrections and improvements in the laws affecting these matters and to examine particularly, though not exclusively, the following problems:

1. The advisability of a work program;
2. The making of participation in a work program a condition of getting relief;
3. Whether or not labor and industry are working on plans, individually or jointly, to cure the ills of unemployment and relief, and whether the State and its political sub-divisions can or should do anything to implement their plans;
4. The effect of the national policy of encouraging purchase of goods in the foreign markets on employment and relief in Maryland;
5. The Pecuniary advantages, if any, to the State of Maryland, resulting from any and every Federal Assistance plan affecting welfare, relief and employment;
6. The relationship of the State to its political sub-divisions in the administration of welfare legislation;
7. The influence of partisan politics in administering a combined relief-employment program and the means of avoiding such partisan influence, and be it further

Resolved, That said committee report its findings and recommendations in writing to the next General Assembly on the first Wednesday in January, 1951, and be it further

Resolved, That the Board of Public Works be and it is hereby requested to make available from its contingent funds sufficient monies to cover the expenses of said committee in making its

investigation and written report, provided that the members of the committee shall serve without compensation and provided further that nothing herein shall affect the right of employees of the State serving on this committee to receive their regular compensation, and be it further

Resolved, That the Chief Clerk of the House be instructed to send a copy of this Resolution to the Governor of Maryland.

Which was read and adopted.

By Order,

RAYMOND H. MILLER,  
*Chief Clerk of the House of Delegates.*

C. FERDINAND SYBERT,  
*Speaker of the House of Delegates.*

## INTRODUCTION

### *Authority For The Creation of the Committee:*

*House Resolution No. 31, passed by the House of Delegates of the 1950 General Assembly authorized the appointment, by Governor Lane, of a fifteen member committee to study the present status of employment and relief as related matters, and to report its findings and recommendations to the General Assembly on Wednesday, January 3, 1951.*

For some months before House Resolution No. 31 was passed, unemployment had been rapidly mounting throughout the state; in the Western Maryland area the number of unemployed had reached critical proportions. In December, the General Assembly, in Special Session, appropriated an emergency fund of \$300,000 which was made available, on a matching basis, to Baltimore City and the political sub-divisions of the state for the relief of unemployed employables. The 1950 General Assembly in giving consideration to proposed legislation, which sought to tie in a works program with the expenditure of this fund, concluded that the whole question of employment and relief merited an orderly consideration. For this purpose, House Resolution No. 31 was passed. It authorized the appointment of a Committee "to examine particularly, but not exclusively, the following problems:

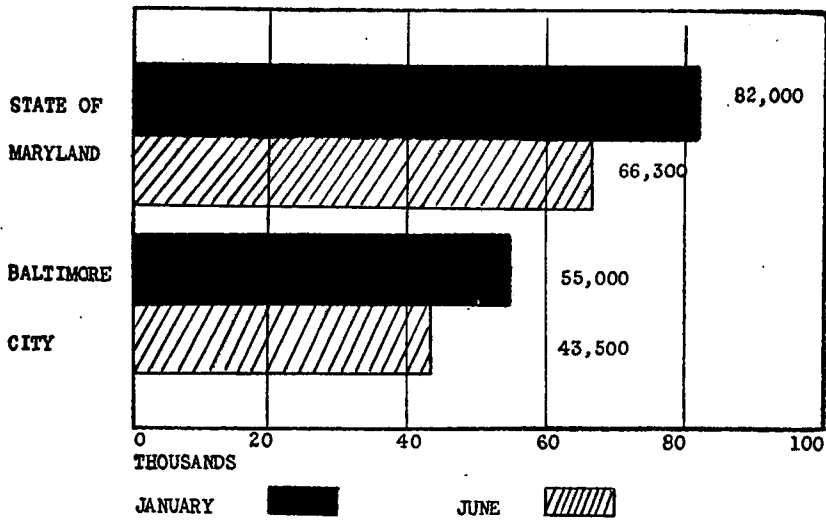
1. The advisability of a work program;
2. The making of participation in a work program a condition of getting relief;
3. Whether or not labor and industry are working on plans, individually or jointly, to cure the ills of unemployment and relief, and whether the State and its political sub-divisions can or should do anything to implement their plans;
4. The effect of the national policy of encouraging purchase of goods in the foreign markets on employment and relief in Maryland;

5. The Pecuniary advantages, if any, to the State of Maryland, resulting from any and every Federal Assistance plan affecting welfare, relief and employment;
6. The relationship of the State to its political subdivisions in the administration of welfare legislation;
7. The influence of partisan politics in administering a combined relief-employment program and the means of avoiding such partisan influence."

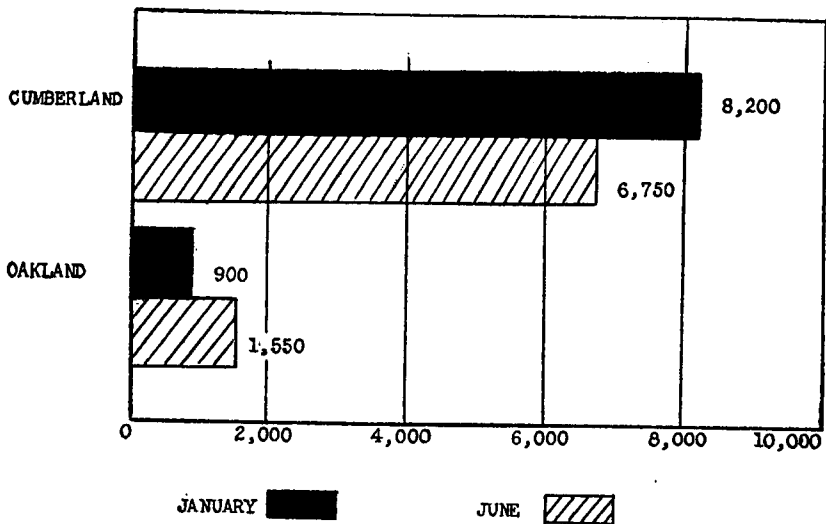
At an early meeting the Committee mapped its course of study in relation to the seven points of the Resolution. It was agreed that recommendations on points 1 and 2 considering the advisability of a Works Program, and participation in such a Works Program as a condition to relief, should be the ultimate objectives of the Committee. Points 3, 5 and 6 should be considered in the field of the Committee's investigations. Point 4 was deemed to be out of the province of the Committee's investigations and on Point 7 the Committee agreed that "partisan politics in administering a combined relief and employment program" should be avoided.

During the early stages of the Committee's activities it became apparent that business conditions were improving for the state as a whole, and by June unemployment was decreasing in all areas except Western Maryland.

UNEMPLOYMENT IN MARYLAND AND BALTIMORE  
JANUARY 1950 AND JUNE 1950



UNEMPLOYMENT IN CUMBERLAND AND OAKLAND  
JANUARY 1950 AND JUNE 1950



All indications pointed to a continuation of this trend and the Committee determined to direct its investigations particularly toward those areas where unemployment was heaviest. Dates were set for on-the-spot investigations and hearings in Oakland and Cumberland.

Then came the Korean situation and the attendant prospect of a defense economy which discounted the probability of any recurrence of high unemployment within the near future. All signs pointed to more jobs and even to a possible shortage of skilled and semi-skilled workers. The need for emergency measures for the relief of the unemployed seemed to have passed. The Committee, at this point, seriously debated whether or not the purpose for which it had been created was nullified by the improved economic outlook. However, the Committee concluded that it was still charged with the responsibilities set forth in House Resolution No. 31 and that it must make a report to the 1951 General Assembly of its findings and conclusions. Allegany and Garrett counties, where unemployment was still dangerously high, despite the general improvement throughout the State, would look to the Committee for some solution to their problems. The Committee determined to continue its investigations in those areas and at the same time to direct its attention to long range plans for the prevention of future unemployment, and for prompt remedial action in the event that unemployment should recur.

The Committee proceeded with the investigations and hearings in Cumberland and Oakland as planned and acquired valuable first hand information, from the many interested citizens who were heard. Outlined in this report are the findings along with the conclusions reached by the members of the Committee.

## FINDINGS AND CONCLUSIONS

### 1. THE COMMITTEE'S FINDINGS AND CONCLUSIONS RELATIVE TO POINTS 1 AND 2 OF H.R. 31.

"Point 1—The advisability of a work program;"

"Point 2—The making of participation in a work program  
a condition of getting relief;"

#### Sources of Information

The Maryland Department of Employment Security—Department Public Welfare—Department of Labor and Industry—Investigations and Hearings in Cumberland and Oakland.

#### Findings—Relative to Points 1 and 2

*At the Committee's first meeting, each member was given an Information Folder which had been prepared by the Maryland Department of Employment Security. Throughout the entire period of the Committee's investigation this material was kept up-to-date.*

*From this material, the following summary of economic developments and trends, for the years 1949 and 1950, was furnished by the Labor Market Analysis Division of the Maryland Department of Employment Security November 1, 1950.*

#### Summary of Economic Developments and Trends 1949-1950

The year 1949 marked an economic valley between the employment peaks of 1948 and 1950. It was a year that recorded the return to a buyer's market after the boom of 1948. The installation of labor-saving machinery, improved production methods and increased worker productivity as the post-war labor force became better trained in their jobs combined with a slackened tempo of business activity to reduce the need for any expansion of work forces. Work forces were gradually trimmed to meet reduced production schedules as backlogged orders were eliminated and industry instituted a practice of short-term, hand-to-mouth buying, fearful of being caught with large inventories in the face of possible price declines.

It was a year marked by constantly growing unemployment totals which averaged about 75,000 in 1949, almost doubling the



1948 average, by the loss of jobs for skilled and experienced workmen, by the lack of opportunity for youth seeking their first jobs, by recurring layoffs of varying duration for thousands of workers, and by rotating workweeks for other thousands as employers sought to spread the work. There was a national coal strike in September 1949, followed on the first of October by a major steel strike in Baltimore. For several thousand workers employed on the railroads, in ship repair yards, refractories, machine shops and countless industrial activities highly dependent upon steel and coal, it meant wholesale layoffs for some and rotating workweeks for others. Cumberland was already feeling the impact of a national slump in textile activity which had become evidenced during the summer of 1949. It was a troubled year. It was a year of stiff competition for the consumer's dollar and stiff competition for jobs.

The State's unemployed in October 1949 was estimated at 70,600, excluding strikers who are technically counted as employed but not at work and hence are counted separately from employment and unemployment totals. In other words, 7½ percent of the State's estimated labor force of 943,700 were unemployed. It should be noted that the labor force comprises three major segments: the employed, the unemployed and workers out on strike. The employed group includes nonfarm wage earners and salaried workers, domestic service workers, self-employed and unpaid family workers and agricultural workers. Wage earners and salaried workers in nonfarm activities account for about 80 percent of the State's employed group.

The major centers of unemployment in 1949 were Baltimore, Cumberland and Oakland. The economic repercussions on the Baltimore Area of 52,000 unemployed, and over 20,000 additional workers idled owing to differences between labor and management are not to be minimized. But highly industrialized Baltimore—with its wide diversity of business activity and its heterogeneous population—was better able to weather the economic storm of having almost 9 percent unemployed of its total labor force of 585,300 than was true of Cumberland and Oakland, whose economic fortunes are highly dependent on the rise and fall of one or two industries. Cumberland's unemployed totaled

almost 23½ percent of a labor force of 37,200, while Oakland's unemployed amounted to over 11 percent of a labor force of 7,200.

Unemployment compensation helped cushion the effects of extended layoffs and further assistance was rendered through the passage of State legislation, effective on June 1, 1949, providing extra benefits for the dependents of unemployed workers eligible for unemployment compensation. A continuing lack of employment opportunities, however, resulted in exhaustion of unemployment compensation for thousands of the unemployed. By October 1949 about 18½ percent of all Maryland claimants had exhausted benefits for unemployment compensation. A further attempt was made to alleviate the distress of the unemployed through the appropriation of special funds for the relief of the unemployed employables.

But even as this welfare program got under way in the early months of 1950, the seeds of economic recovery were beginning to develop. Many factors contributed to this recovery: an extensive national relaxation of credit terms to tap a continuing backlog of consumer demand; a firming of prices and renewed business confidence in our economic future; and governmental encouragement on all levels for a high rate of construction activities including home building projects for middle income groups as well as low-rental public housing, road building and street repair work, public projects such as schools and churches, dam control and bridge building and industrial expansion of plant facilities.

Although the total of 664,600 non-farm wage earners and salaried workers employed in January 1950 represented a normal seasonal drop from the December 1949 level of 680,500, the beginning of a more favorable trend could be noted. Whereas, in this period, about 16,000 workers were laid off, between December 1948 and January 1949 employment had dropped by 24,500. By March of 1950 the downward employment trend which had begun in 1949 was reversed, and each subsequent month of 1950 has witnessed steadily climbing employment levels. One of the chief factors in the employment upswing in the spring of this year was the boom in construction activity throughout the State. Mild weather permitted early starts this

year on residential and commercial construction, road building and repair work. The beginning of work on the Chesapeake Bay Bridge and improvements to the Baltimore harbor also raised construction employment. Peak construction activity spurred a demand for steel products of all kinds which resulted not only in high operational levels in the steel mills, but also in stepped-up production of plumbing supplies, oil burners, heaters, stoves, etc. Manufacturers of brick, concrete block and roofing materials were also affected by construction programs. The gradual acceleration of economic activity, with the accompanying demand for machine tools and parts and other types of industrial machinery, resulted in a decided improvement in 1950 in the non-electrical machinery industry which had been experiencing an employment slump for the past two years.

By May 1950, non-farm wage earner employment totaled 686,200, the first time this year that employment had topped the 1949 level for the same period. Expanding industrial activity was given additional impetus by the outbreak of the Korean situation in late June. The first impact of the war was felt in sharply increased civilian orders for many types of consumer goods to meet an anticipated peak demand conditioned by the probability of material shortages and rising prices. In the next few months, however, the initial effects of the rearmament program began to be felt. Government orders for radar, X-ray, electronic equipment and ordnance items caused increased hiring in the machinery industries, both electrical and non-electrical. Aircraft plants also expanded operations on military and naval projects, although working primarily at present on experimental and engineering phases.

One exception to the general pick-up in durable goods industries was employment in the shipyards, where work forces have been cut in the past several years owing to the National decline in ship-building programs. From a war-time peak of over 78,000 in November 1943, the number of workers employed in Baltimore's shipyards had dropped to about 6,400 by October 1950. The great majority of these workers are engaged in repair work rather than new building. The only major yard in the area working on new ships has laid the last keel for orders on hand and in order to maintain a key force of skilled workers has undertaken a contract for the building of railroad cars.

By mid-October the combined effects of slowly expanding defense orders and booming civilian demand had raised non-farm employment in the State to a total of 723,500, a high point for the post-World War II period. Unemployment in the State had dropped to an estimated level of 42,800, or about 4½ percent of the civilian labor force as compared with 7½ percent a year ago. Baltimore's unemployment total dropped to 4.9 percent as compared with 8.9 percent a year ago. The national resurgence of textile activity, increased employment in the rubber industry and expanded construction activities cut Cumberland's unemployment totals from 23½ percent to 15.1 percent over the year. Another factor in Cumberland's unemployment decline has been some out-migration of workers who found employment opportunities more favorable elsewhere. Oakland's situation worsened slightly over the year with 13 percent of its labor force unemployed in October of this year as compared with 11 percent a year ago.

The outlook for the months ahead points to the maintenance of a high employment level with an ever-increasing tightening of the manpower supply as more and more of the economy is converted to defense needs. However, a period of readjustment may be expected during this conversion process. Government allocations of strategic materials, particularly metals, rubber and industrial chemicals, will cause some layoffs in non-defense plants. Curtailment of home building and credit restrictions on the purchase of homes, autos, furniture and appliances may cause some unemployment in these lines. Original estimates of the readjustment period had pointed to the first 5 or 6 months of 1951. However, all such timetables are affected by the changing world conditions. Rising employment is anticipated in defense industries, particularly in the metals, machinery and transportation equipment industries. Anticipated manpower requirements of the armed forces will be additional factors in cutting the labor supply in the next few months. Plans in October called for the induction of approximately 15,000 men as Maryland's share of a National 3,000,000 man Army by spring of 1951. With current shortage of skilled and technical help and anticipated needs for semi-skilled and unskilled workers, it is rapidly becoming apparent that women, older workers and youths not now in the labor market will have to assist Maryland in manning

her share of the Nation's defense program. Insofar as individual areas in the State are concerned, it appears obvious that Baltimore will benefit by expanded defense activity. Whether or not Cumberland and Oakland will share in the State's step-up in employment will be dependent upon their obtaining an adequate share of military and defense contracts.

**UNEMPLOYMENT IN MARYLAND, BY AREA<sup>1</sup>**  
**OCTOBER 1949 - OCTOBER 1950**

	Oct. 1949	Oct. 1950	Net Change Oct. 1949-Oct. 1950	Percentage Change
<b>TOTAL STATE</b> .....	<b>70,600<sup>2</sup></b>	<b>42,800</b>	<b>-27,800</b>	<b>-39.4</b>
Baltimore Area .....	52,000	29,300	-22,700	-43.7
Western Maryland .....	11,200 <sup>2</sup>	7,800	- 3,400	-30.4
No. Central Maryland	2,500	1,900	- 600	-24.0
Eastern Shore .....	2,300	2,100	- 200	- 8.7
Southern Maryland ...	600	600	0	0.0
D. C. Area .....	2,000	1,100	- 900	-45.0

Estimated by the Labor Market Analysis Division of the Md. Dept. of Employment Security.

<sup>1</sup>Areas are defined as including the following counties:

Baltimore Area—Baltimore City and contiguous portions of Baltimore, Anne Arundel and Howard Counties. Includes an area of about 20 miles surrounding Baltimore City.

Western Maryland—Allegany, Washington and Garrett Counties.

North Central Maryland—Frederick, Harford, Carroll and the portions of Baltimore and Howard Counties excluded from the Baltimore Area.

Eastern Shore—Cecil, Caroline, Dorchester, Kent, Queen Anne's, Somerset, Talbot, Wicomico and Worcester Counties.

Southern Maryland—Charles, Calvert, St. Mary's and Anne Arundel County south of Pasadena.

D. C. Area—Montgomery and Prince George's Counties.

<sup>2</sup>Revised.

**CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT IN MARYLAND AND SELECTED AREAS**  
**OCTOBER 1949 AND OCTOBER 1950**

	October 1949				October 1950 <sup>4</sup>			
	Total State	Baltimore Area <sup>2</sup>	Cumberland Area <sup>3</sup>	Garrett County	Total State	Baltimore Area <sup>2</sup>	Cumberland Area <sup>3</sup>	Garrett County
Civilian Labor Force.....	943,700	585,300	37,200	7,200	960,300	599,600	35,800	6,900
Unemployed.....	70,600	52,000	8,700	800	42,800	29,300	5,400	900
as % of Labor Force.....	7.5	8.9	23.4	11.1	4.5	4.9	15.1	13.0
On Strike.....	21,500 <sup>5</sup>	20,500	500	400	700	600	100	0
Employed.....	851,600	512,800	28,000	6,000	916,800	569,700	30,300	6,000
Non-agricultural.....	781,600	508,300	27,050	3,800	844,400	565,000	29,300	3,800
Wage and Salaried Workers.....	661,700	432,300	24,150	2,450	723,500	488,100	26,400	2,500
All Others <sup>6</sup> .....	119,900	76,000	2,900	1,350	120,900	76,900	2,900	1,300
Agricultural.....	70,000	4,500	950	2,200	72,400	4,700	1,000	2,200

<sup>1</sup>Estimated by the Maryland Department of Employment Security.

<sup>2</sup>Includes Baltimore City and contiguous portion of Baltimore, Anne Arundel and Howard Counties.

<sup>3</sup>Includes Allegany County only.

<sup>4</sup>Employment estimates are preliminary and subject to revision.

<sup>5</sup>Includes domestic service, self-employed and unpaid family workers.

<sup>6</sup>Major steel strike beginning on October 1.

## Conclusions — Relative to Points 1 and 2

The Committee feels that, with the possible exception of the Cumberland and Oakland areas, there is no present need for a public works program.

As the Committee terminated its investigations, employment for the state as a whole which had been rising for some months was further accelerated by the Korean situation. The need for any emergency action had passed, except possibly in the Cumberland and Oakland areas. There, although unemployment was somewhat lessened, the trend was much milder than in other areas of the state. It is hoped that by the time this report comes before the General Assembly, unemployment in these areas will be further reduced to a point well below the present critical level. In any case, it is recommended that the General Assembly in considering this report request current labor market information for the Cumberland and Oakland areas, from the Department of Employment Security in order to determine if there exists a need for any action at that time.

This Committee is convinced that the preventive approach to the problem of unemployment is good business. There should be a department within the state government primarily concerned with the economic welfare of the various areas within the state. However, it is also necessary to have the same concern at the local levels. As pointed out in Section II of "Findings and Conclusions" almost every community has some potential employment problem. There are communities in which the economy is dependent on only one or two industries . . . communities which periodically suffer extreme seasonal fluctuations . . . communities where the population and labor force are growing so rapidly that they present a problem in providing job opportunities. These potential threats can best be foreseen at the local level. It is possible that through the vigilance of such groups of interested citizens, as the county Veterans Service-Full Employment Committees, threatened unemployment can be anticipated and the local government along with the state can be stimulated to take the necessary preventive action.

This Committee is also convinced of the wisdom of having a shelf of public works, for all areas of the state, blue printed and

ready to be put into immediate action should unemployment strike.

It is realized that the state can do little to alleviate unemployment which is a part of wide spread national unemployment. These precautionary measures could only combat such spot unemployment as developed in 1949. It is obvious, however, that such pre-planning would have been of immeasurable benefit to the state and especially to the Cumberland and Oakland areas.

This Committee feels that had as much state and local interest been displayed in the whole problem of unemployment *before disaster hit*, the unemployment problems which developed might have been averted or at least lessened to a considerable degree. Now is the time to plan for the future and this Committee hopes that its report will, to some extent, help to point the way.



## II. THE COMMITTEE'S FINDINGS AND CONCLUSIONS RELATIVE TO POINT 3 OF H.R. 31:

"Point 3—Whether or not labor and industry are working on plans, individually or jointly, to cure the ills of unemployment and relief, and whether the State and its political subdivisions can or should do anything to implement their plans."

### Source of Information

Report concerning the activities and objectives of the Veterans Service-Full Employment Committees, in relation to Point 3 of House Resolution No. 31.

### Findings—Relative to Point 3

A comprehensive report giving the background, objectives and activities of the Veterans Service-Full Employment Committees was presented to the members of this Committee. The report brought out that in the summer of 1948, although national employment was at a fairly high level, unemployment was beginning to rise and in some areas throughout the country had reached serious proportions. President Truman in his mid-year economic report to the Congress, had taken cognizance of this situation, and had directed the various departments of the Federal Government to take whatever action they could under the authority of existing legislation to assist in stimulating the economy of each of the areas of heaviest unemployment. In 1949 Secretary of Labor Tobin sent a letter to all State Governors strongly urging the organization of Full Employment Committees at both state and local levels, in order to combat unemployment . . . the state committee to act in an over-all coordinating capacity and the local committees to initiate necessary action.

Meantime, in Maryland, Governor Lane, greatly disturbed by the rising number of unemployed veterans, had already reactivated the State Veterans Service Committee which, in turn, sponsored the organization of local Veterans Service Committees. The primary function of these committees was to find jobs for veterans.

However, as the committees got underway, it became apparent, especially in Allegany County where unemployment had reached critical proportions, that the veteran's problem of un-

employment could not be treated apart from the whole community problem of unemployment. To solve the veteran's problem the community's problem must be solved, and going a step further the community problem of unemployment could not really be solved without constructive planning and action towards the development and expansion of the local economy in order to assure full employment.

In response to Secretary Tobin's request urging that Full Employment Committees be set up, Governor Lane delegated the responsibility for carrying out the Full Employment Program in Maryland to the Veterans Service Committee. The name was expanded to Veterans Service-Full Employment Committee in order to show the committee's tie-in with the Full Employment Program throughout the country.

Nationally, interest in this community approach to the problems of unemployment is developing rapidly. The establishment of local full employment committees first occurred in areas of high unemployment, and the experience of these committees often points up the fact that had they been functioning sooner, critical employment situations may have been averted. Recognizing the fact that *continuing local action to prevent unemployment* is necessary to maintain a healthy economy, the Bureau of Employment Security of the Department of Labor is doing everything possible to encourage the formation of these committees.

In almost every community, there exists some potential employment problem. There are communities in which the economy is dependent on only one or two industries . . . communities which periodically suffer seasonal fluctuations . . . communities where the population and labor force are growing so rapidly that they present a problem in providing job opportunities. *Maryland, in one section or another, has all of these problems.*

The State Department of Employment Security is assisting in the organization of full employment committees and is making available to them valuable information concerning local employment and unemployment trends. It is hoped that the interest, vigilance and constructive planning of these committees will foresee and forestall any threat to the economy.

Local Veterans Service-Full Employment Committees are organized and functioning in 12 counties. The membership of these committees is made up of representatives of industry, labor, civic groups and veteran organizations. The objective is to keep local employment at a high level, through long range planning and action, for the expansion of the local economy and the full use of the community's industrial resources. These committees are at present directing their efforts toward the problem of keeping currently informed of economic conditions in their communities. By the very nature of their composition, these Veterans Service-Full Employment Committees provide an excellent frame-work within which labor and industry can work together toward the goal of full employment. Wherever these committees are set up and functioning it can safely be said that labor and industry *are* working together.

#### Conclusions — Relative to Point 3

The committee is impressed with the potentialities for real community service that rest with these local Veterans Service-Full Employment Committees. The important role that such a group of interested citizens can play in community affairs was pointed up very graphically at the hearings in the Cumberland area. This group has worked tirelessly toward the solution of Western Maryland's unemployment problem. Every possible phase is explored and developed to the fullest extent. Their zeal has demonstrated the important service that such a committee can render in working toward preventing unemployment. It is felt that all possible encouragement and assistance should be given to these committees which are working toward full employment.

### III. THE COMMITTEE'S FINDINGS AND CONCLUSIONS RELATIVE TO POINTS 5 AND 6 OF H.R. 31:

"Point 5: The Pecuniary advantages, if any, to the State of Maryland, resulting from any and every Federal Assistance plan affecting welfare, relief and employment;"

"Point 6: The relationship of the State to its political subdivisions in the administration of welfare legislation;"

#### Sources of Information

Department of Public Welfare, Excerpts from comments made by Dr. Elwyn A. Mauch relative to Points 5 and 6 of the resolution, Maryland Department of Employment Security, and Hearings in Cumberland and Oakland.

#### Findings — Relative to Points 5 and 6

*Excerpts from comments by Dr. Elwyn A. Mauch, Director of the State Fiscal Research Bureau, on Points 5 and 6 of House Resolution No. 31.*

Dr. Mauch, in his comments on Point 5 of the Resolution concerning the pecuniary advantages to Maryland resulting from federal assistance affecting welfare stated: "Federal sharing of the burden provides relief to the State and local budgets; Federal grants off-set the impact of depression in highly industrialized and urbanized states such as Maryland; and Federal government administration may constitute more effective and economic collection of funds." Relative to the disadvantages he said: "Wealth is drained from Maryland taxpayers in greater proportions than such wealth is returned in the form of grants."

In speaking on Point 6—the relation of the state to its political subdivisions in the administration of welfare legislation—Dr. Mauch pictured the state agency as a central coordinating agency, providing a percentage of the welfare funds expended through local agencies. The state agency channels federal welfare funds to local agencies and determines standards of welfare aid. The local agencies, on the other hand, apply the state standards to applicants and recipients; administer the grants awarded to eligible applicants; supervise and observe the impact of welfare programs upon the communities and individuals within their respective jurisdictions; and advise the state agency on the needs for changes in standards.

*Comments by Mr. J. Milton Patterson, Director, State Department of Public Welfare, in relation to Points 5 and 6 of House Resolution No. 31.*

*Point 5: "The pecuniary advantages, if any, to the State of Maryland . . ."*

During the fiscal year ended June 30, 1950, total expenditures for the three categories of assistance matched by Federal funds, including the cost of administration, amounted to \$12,126,836.38. The Federal Government contributed \$6,496,651.18, the State \$4,162,387.34, and the local units \$1,467,797.86, which indicates on a percentage basis 53.6%.

Question has been raised by many of the states, especially the high income states, in regard to the large amounts paid in to the Federal Government, a large part of which flow to other states in the low income brackets. The Council of State Governments has advocated a reduction in grants-in-aid to the states if the Government would return to the states certain sources of revenue.

There are many details and requirements connected with securing Federal funds, which undoubtedly add to the administrative costs. At the same time, there are advantages in the help which the state receives from the Federal agency out of its experience with many states in administering an assistance program.

*Point 6: "The relationship of the State to its political subdivisions in the administration of welfare legislation . . ."*

The Maryland law—Article 88A—establishes the State Department of Public Welfare as "the central, coordinating and directing agency of all welfare activities in this State." The law also empowers the State Department to create local departments with authority to administer the public welfare services in accordance with rules and regulations adopted by the State Department.

It can be seen that through the necessity of having uniform regulations throughout the State, sometimes there is a feeling at the local level, something like the feeling at the State level about Federal control; but as was pointed out in the report of the Com-

mission on Governmental Efficiency and Economy in 1948: "The Department appears to have exercised reasonable discretion in the rules and regulations it has established."

Today local boards accept the validity of this uniformity and carry responsibility for contributing their experience to the development of the rules under the law.

At the present time, all of the categories of assistance are financed at the local level on a different basis:

Old Age Assistance .....	1/6 of local funds
Aid to Dependent Children .....	1c on the tax rate
General Public Assistance .....	50%
Public Assistance to Needy Blind.....	35%
Administration .....	20%

As was brought out in the hearings in Cumberland, this method of financing is confusing to the local levying bodies and is not consistent with the needs of the area in many cases. Need is usually more prevalent in the poorer communities.

The State Department of Public Welfare has recommended several times that a uniform amount be levied at the local level on the tax rate to carry all of the welfare programs up to a certain amount. Beyond that, the State and Federal Government would carry the balance. For instance, the laws could direct the local units to levy 20% or 25% of the cost of all of the categories plus services and administration, but in no event more than fifteen cents on the tax rate.

With the amendments made to the Social Security Act, it is hoped that the insurance programs will be expanded so that in the years to come, expenditures for public assistance will be decreased and the welfare program will largely provide assistance to the residual groups and services to people who are in need of them.

**TEMPORARY ASSISTANCE TO EMPLOYABLE PERSONS FROM SPECIAL FUNDS**  
**JANUARY-OCTOBER 1950**

	Total State		Baltimore City		Allegany County		Baltimore County		Other Counties¹	
	Cases	Payments	Cases	Payments	Cases	Payments	Cases	Payments	Cases	Payments
Total Jan. thru Oct.		\$265,181.50		\$97,985.91		\$157,529.08		\$6,035.01		\$3,631.50
Total Jan. thru June		242,847.93		75,872.66		157,529.08		5,814.69		3,631.50
January	527	40,347.93	99	8,011.77	404	30,303.35	10	873.13	14	1,159.68
February	820	60,956.81	201	14,172.68	580	43,783.12	19	1,623.11	20	1,427.90
March	966	74,728.48	284	21,871.04	643	49,616.58	27	2,196.94	12	1,043.92
April	468	33,273.46	223	14,318.04	239	18,465.75	6	489.67		
May	249	17,878.71	147	9,413.84	97	8,070.20	5	394.67		
June	216	15,662.54	124	8,085.29	89	7,340.08	3	237.17		
Total July thru Oct.		\$ 22,333.57		\$22,113.25				\$ 220.32		
July	118	6,983.88	117	6,883.88			1	100.00		
August	106	6,459.52	105	6,362.52			1	97.00		
September	90	5,172.57	89	5,149.25			1	23.32		
October	72	3,717.60	72	3,717.60						

Source: Monthly Statistical Report of the State Department of Public Welfare—State of Maryland.

¹Other Counties included in this item are:

	Total Cases	Payments
Carroll	31	\$2,496.00
Harford	9	835.50
Queen Anne's	6	300.00

**CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT  
MARYLAND  
APRIL 1940 AND MARCH 1950**

	April 1940	March 1950
<b>TOTAL CIVILIAN LABOR FORCE</b> .....	752,332	928,800
<b>EMPLOYED</b> .....	676,152	853,300
<b>ON STRIKE</b> .....	1	300
<b>UNEMPLOYED</b> .....	76,180	75,200
as % of Labor Force.....	10.1	8.1
Number on public emergency work (WPA, NYA, etc.).....	19,222	0
as % of Total Unemployed.....	25.2	0
Number on UC or SRA.....	21,941	27,552
as % of Total Unemployed.....	28.8	36.6
On Unemployment Compensation...	21,941	26,856
On Servicemen's Readjustment Allowance .....	0	696
Number not drawing any funds from public emergency work, UC or SRA	35,017	47,648
as % of Total.....	46.0	63.4

<sup>1</sup>Information not available.

**Conclusions Relative to Points 5 and 6**

The findings are presented without comment. No conclusions are reached nor are any recommendations made, instead the General Assembly, in its consideration of this part of the report, is referred to the report of Dr. Elwyn A. Mauch, Director of State Fiscal Research Bureau on the whole question of welfare, which will be made to the General Assembly under authority of House Resolution No. 27.



#### IV. THE COMMITTEE'S FINDING AND CONCLUSIONS RELATIVE TO UNEMPLOYMENT COMPENSATION.

##### Source of Information—

Maryland Department of Employment Security.

##### Findings—Relative to Unemployment Compensation

From the material which had been furnished to the Committee, throughout the entire period of its investigation by the Maryland Department of Employment Security, the following resume of the benefit provisions of the Maryland Unemployment Compensation Law, together with pertinent statistical data, was prepared by the Reports and Analysis Division of the Maryland Department of Employment Security.

##### Resume of Benefit Provisions of the Maryland Unemployment Compensation Law Together With Pertinent Statistical Data.

The original Maryland Unemployment Compensation Law was enacted in a special session of the Legislature in December 1936. At that time there was little experience to guide the State in the application of such legislation to the needs of workers and in the 15 years that the Law has been in existence numerous revisions have been made, always with a view to liberalizing its benefit provisions and alleviating the tax burden of employers.

Through a series of changes in the Law, the maximum benefit payments have advanced from \$15.00 weekly, which was provided in the initial legislation, to \$25.00, the present maximum, established in 1947. To this, dependents' allowances were added in 1949, stipulating a payment of \$2.00 for each dependent child under 16 up to a limit of 4 dependents. Originally the maximum duration of benefits was 16 weeks, but the current maximum is 26 weeks.

While in the beginning, benefits were available to former employees of establishments in certain industrial categories which employed 4 or more workers, the 1945 revision in the Law extended coverage to employers with one or more workers, thus giving protection to some 30,000 additional workers.

To finance such an insurance program, contributions are collected from employers at rates which vary according to the benefit charges against an employer's account. At the present time, the minimum rate is 0.2 percent and the maximum 2.7 percent of taxable payrolls. All new employers pay the maximum rate for the first 4 years of operation. Wages paid an individual worker up to \$3,000 annually are considered taxable. The current minimum experience rate represents a reduction from the initial minimum of 0.9 percent established in 1943.

Despite this gradual extension of benefit payments and reduction in contribution rates, the Maryland Unemployment Compensation Fund has maintained ample reserves. In January of 1949 a record balance of nearly \$130,000,000 was on deposit. Because of heavy benefit payments through 1949 and early 1950, this balance was reduced to around \$109,000,000 by July of this year, but for the past few months contributions have more than offset payments and the balance now stands at \$112,000,000.

Experience in the year 1949 testifies to the wisdom of providing protection to unemployed persons through an insurance program. While benefit payments are not in any respect intended to be a substitute for a pay check, nevertheless, as a safeguard against the depletion of a worker's resources, the system is of inestimable value. Insurance payments are the rightful prerogative of the worker. From the viewpoint of morale and a sense of security, it cannot be denied that the Law has contributed materially to the welfare of the workers in the State.

However, the gains from such a program are not all on the side of the worker. In periods of temporary lay-offs, the employer is able to retain his workers, secure in the knowledge that through contributions paid by him, the worker is provided with some income until the plant is ready to start work again. But more important still, purchasing power in the community is maintained as unemployment benefits are channeled into retail business establishments of all kinds and through them, to wholesale and manufacturing facilities in the form of more orders for goods. Particularly in periods when a large segment of the labor force is unemployed, Unemployment Compensation serves to bolster the economy in an area and thereby helps to prevent the development of more serious unemployment conditions.

In 1946, during the period of reconversion to civilian production following World War II, benefit payments in Maryland reached over \$23,000,000. For the next 2 years payments dropped to around \$10,000,000 each year, but again in 1949 jumped to nearly \$30,000,000, the highest in the history of the agency. So far this year over \$18,000,000 has been paid out, but the major part of this sum was expended in the first six months as claimloads have declined rapidly this fall.

The payment of unemployment benefits is intended only as a temporary stop-gap to assure some income to workers while in search of a new job, and is not to be considered as a continuing resource for long-term periods of unemployment. The maximum potential duration of benefits in Maryland is 26 weeks but the majority of claimants find new jobs or are recalled by former employers well within this time limit. The average duration of benefits in the critical year of 1949, was slightly under 10 weeks. During the same year, approximately 29 percent of claimants drawing benefits exhausted their full entitlement and while this experience is considerably above the average, much of it can be attributed to the situation in the Cumberland area. Unemployment insurance was not designed to offer a complete solution to long term unemployment. Duration of benefit payment is important but will never be a cure for the loss of a job.

**CLAIMANTS DRAWING ONE OR MORE CHECKS AND CLAIMANTS  
EXHAUSTING ALL ENTITLEMENT FOR BENEFIT YEAR 1949  
FROM APRIL 1, 1949 THROUGH MARCH 31, 1950**

	Number of Claimants Drawing One or More Checks	Claimants Exhausting All Benefits	
		Number	Percent
Total State .....	141,775	41,736	29.4
Liable State .....	5,622	1,966	35.0
Baltimore City .....	89,021	25,252	28.4
Total Counties .....	47,132	14,518	30.8
Annapolis .....	724	164	22.7
Cambridge .....	4,100	1,511	36.9
Chestertown .....	905	182	20.1
Crisfield .....	1,332	475	35.7
Cumberland .....	12,896	5,982	46.4
Easton .....	910	298	32.7
Elkton .....	1,268	399	31.5
Frederick .....	2,889	453	15.7
Hagerstown .....	5,295	1,059	20.0
Hyattsville .....	731	107	14.6
Oakland .....	1,410	684	48.5
Salisbury .....	3,169	914	28.8
Silver Spring .....	434	42	19.7
Towson .....	8,125	1,824	22.4
Westminster .....	2,944	424	14.4

# STATUS OF UNEMPLOYMENT COMPENSATION FUND

	Contributions Collected	Benefit Disbursements	Interest Earned by Trust Fund	Balance in Fund December 31
1950				
January-March.....	\$ 2,351,459	\$ 6,907,289	\$ 609,383.18	\$111,878,911
April-June.....	3,067,320	6,247,512	597,110.81	109,298,388
July-September.....	3,390,807	3,700,969	590,283.77	109,578,148
October-November <sup>1</sup> .....	3,401,191	1,191,665		112,363,618
1949.....	14,306,822	29,838,170	2,657,386.00	116,344,250
1948.....	14,711,139	10,130,016	2,606,489.00	129,242,656
1947.....	14,211,469	10,602,278	2,326,498.00	122,088,399
1946.....	10,614,688	23,285,485	2,258,863.00	116,176,323
1945.....	23,380,105	9,649,963	2,327,161.00	126,623,942
1944.....	25,122,672	765,301	1,853,307.00	110,566,639
1943.....	29,585,752	926,200	1,423,799.00	84,355,962
1942.....	23,466,702	3,826,802	1,019,789.00	54,272,611
1941.....	16,649,621	4,878,743	681,930.00	33,612,921
1940.....	12,623,199	6,661,848	467,769.00	21,160,113

<sup>1</sup>Data for the month of December 1950 not available.

# UNEMPLOYMENT BENEFITS PAID BY LOCAL OFFICE

1946-1948. — 1949-1950

	1946	1948	1949	1950 Jan.-Nov. <sup>1</sup>
Gross Total.....	\$23,483,412	\$10,319,360	\$30,174,050	\$18,254,123
Adjustments.....	197,931	189,344	335,880	206,690
Net Total.....	23,285,481	10,130,016	29,838,170	18,047,433
Liabe State.....	5,035,353	398,869	1,210,767	967,935
Baltimore.....	14,919,422	6,611,879	19,298,137	11,655,033
Annapolis.....	14,778	38,481	110,097	100,529
Cambridge.....	308,098	488,623	541,405	474,066
Chestertown.....	147,556	77,587	92,661	130,797
Crisfield.....	127,063	120,160	215,015	156,417
Cumberland.....	1,037,554	785,966	4,469,227	1,495,000
Easton.....	40,223	103,015	93,203	119,217
Elkton.....	551,521	121,577	230,226	147,155
Frederick.....	153,212	147,671	352,796	257,159
Hagerstown.....	343,259	463,212	688,674	734,194
Hyattsville.....	145,262	57,597	98,062	106,217
Oakland.....	112,893	85,747	357,595	291,921
Salisbury.....	73,985	272,170	415,198	327,498
Silver Spring.....	24,818	14,370	56,634	46,390
Towson.....	381,303	320,880	1,543,629	846,137
Westminster.....	67,112	211,556	400,724	398,458

<sup>1</sup>Figures for December not available.

## Conclusions—Relative to Unemployment Compensation

The committee feels that in the recent period of unemployment, the Maryland Unemployment Compensation Law, which is one of the most liberal in the country, went a long way toward alleviating the distress caused by unemployment.

## V. WESTERN MARYLAND—CUMBERLAND AND OAKLAND AREAS:

### Sources of Information

Maryland Department of Employment Security, Department of Public Welfare, Hearings in Cumberland and Oakland and visits to the mining and recreational areas.

### Findings—Relative to Western Maryland

*From the material furnished by the Department of Employment Security to the Committee, throughout the entire period of its investigations, the following summaries of economic developments and trends for the years 1949 and 1950, for the Cumberland and Oakland areas, were prepared by the Reports and Analysis Section of the Maryland Department of Employment Security, November 1, 1950.*

### CUMBERLAND

#### Summary of Economic Developments and Trends

1949-1950

For purposes of this report the Cumberland area is defined as all of Allegany County. It is primarily a manufacturing and railroad center. The local economy is dominated by establishments producing textile, rubber and paper products, the largest single plant being engaged in the manufacture of rayon textiles. The railroad industry is important with large repair shops located in Cumberland. Mining is also of significance in the George's Creek section of the county although for sometime this industry had been going downhill.

According to the 1950 Census, the population in Allegany County is approximately 89,500, an increase of only 2.9 percent over 1940. All of this gain was recorded in sections of the county outside the city of Cumberland, which showed a slight loss in population.

During World War II, the Cumberland area participated only to a limited extent in war production and many of its workers left the county for defense jobs in other States. Some of these workers returned after the war and from 1946 through 1948, the area encountered no serious unemployment problems, al-

though, proportionately, even during this period, the number of job-seekers registered with the local employment office was greater than in other parts of the State.

In August of 1948, the three main manufacturing industries located in the area employed around 13,500 workers, with nearly 9,500 of them concentrated in textiles. Employment in this industry declined somewhat during the remainder of the year and beginning in the early spring of 1949, sharp reductions in force were made each month, until by June, there were only a little more than 3,500 workers remaining on the payrolls.

Upon completion of this layoff of some 6,000 workers, unemployment in the Cumberland area began to assume a critical aspect. The situation was further aggravated in the next two or three months by a curtailment of mine operations and, as a by-product, layoffs of railroad workers. By August 1949, unemployment had mounted to approximately 10,000 and for many workers there was little prospect of reemployment in the industries affected. Around 25 percent of the total labor force, was unemployed and according to the Federal classification system, Cumberland was designated an "E" or distress area. (According to the Federal classification, an "E" area is one in which 12 percent or more of the labor force is unemployed).

There was some improvement in manufacturing employment in September 1949, chiefly due to the recall of around 1,300 textile workers, bringing the total employment in this industry to approximately 4,800. However, the coal mines were working only 3 days a week and hires in other industries were practically at a standstill. At this time, unemployment in the area was estimated at 8,500.

In October, a work stoppage in the mines caused heavy layoffs by the railroads. Unemployment rose temporarily, but by November, with the re-call of railroad workers and miners, unemployment in the area declined to around 8,000 or 21 percent of the labor force.

Until the fall of 1949, the payment of unemployment benefits served to cushion the impact of mounting unemployment. For the first 11 months of this year, \$4,274,539 were paid out in benefits. By the end of November, over 4,100 claimants had exhausted

all their benefits, and approximately 2,000 claimants continued to receive benefit checks. With their resources dwindling rapidly and no place to turn for jobs, many workers in the Cumberland area faced a winter of hardship.

Meantime, other areas in the State were experiencing an increasing unemployment problem and in recognition of the need for assistance to employable persons, in December 1949, a special session of the Legislature appropriated a fund, which on a matching basis, was made available to the local authorities for relief purposes. Allegany County participated in this special state fund, and up until June, when its share of the funds were exhausted, an average of 348 families of employable workers received assistance each month.

With the objective of meeting the economic problems of the area, a number of committees of local citizens and officials had been formed. Each committee was working toward the solution of some particular segment of the whole problem. In order to coordinate and consolidate their efforts, a Steering Committee was appointed as a working group. It was composed of the Chairman of all of the other committees and the Chairman of the Veterans Service-Full Employment Committee was named to serve as Chairman of the new committee. Through the efforts of this committee, a firm of industrial engineers was engaged to explore the possibilities of attracting new industry into the area. Expenses were paid by city and county funds.

The Steering Committee has also been instrumental in securing the services of the U. S. Department of Commerce and the U. S. Department of Labor in making a comprehensive survey of economic developments in the Cumberland area. When completed, it is anticipated the survey will include some specific recommendations for action which the community may follow in developing the resources of the area. Moreover, to assist the Western Maryland area in the development of its recreational facilities, the State Planning Commission will conduct an extensive survey of the potentialities of the area as a summer and winter playground for tourists.

In an effort to solve their own community problems, during the latter part of September, the people of Frostburg formally launched a campaign to raise \$100,000 for the expansion of a



local pajama manufacturing firm. It is reported that to date sufficient funds have been pledged to warrant opening of detailed negotiations concerning costs and building sites.

With the arrival of more favorable weather last spring, construction of roads, bridge building and other activities were initiated and further work opened up on the Flood Control Project and the Savage River Dam. Some gains in employment in other fields were reported, but for the most part, the Cumberland area did not share in the general expansion of employment opportunities which developed in other parts of the State. In June of this year, unemployment in the area was estimated at approximately 6,750, or 18.8 percent of the labor force.

After the development of the Korean crisis gave a further impetus to already mounting job opportunities in other parts of the country, many Cumberland workers secured jobs in Baltimore and other States—Pennsylvania, Ohio, Michigan—and even the West Coast. This out-migration, together with the withdrawal of women and older workers from the labor force, has reduced unemployment in the area to some extent. In addition, there was some increase in local employment, particularly on the railroads and to a lesser degree, in the rubber industry. By October, it is estimated that there were approximately 5,400 unemployed in the area or around 15.1 percent of the labor force. According to the Federal classification, Cumberland still remained an 'E' area.

#### ESTIMATED TOTAL CIVILIAN LABOR FORCE ALLEGANY COUNTY

	Oct. 1949	Mar. 1950	July 1950	Oct. 1950
Total Labor Force.....	37,200	36,000	36,475	35,800
Unemployed.....	8,700 <sup>1</sup>	7,500	6,880	5,440
as % of Labor Force.....	23.4	20.8	18.9	15.2
On Strike.....	500	.....	.....	60
Employed.....	28,000	28,500	29,595	30,300
Non-Agricultural.....	27,050	27,650	28,695	29,300
Wage & Salaried Wkrs.....	24,150	24,850	25,800	26,415
All other.....	2,900	2,800	2,895	2,885
Agricultural.....	950	850	900	1,000

<sup>1</sup>Includes 900 Railroad workers furloughed due to coal strike.

**UNEMPLOYMENT BENEFITS PAID BY LOCAL OFFICE**  
**1946-1948-1949-1950**  
**CUMBERLAND**

1946	1948	1949	1950 <sup>1</sup>
1,037,554	785,966	4,469,227	1,495,000
<sup>1</sup> January through November			

**CLAIMANTS DRAWING ONE OR MORE CHECKS AND CLAIMANTS**  
**EXHAUSTING ALL ENTITLEMENT FOR BENEFIT YEAR 1949**  
**FROM APRIL 1, 1949 THROUGH MARCH 31, 1950**  
**CUMBERLAND**

Number of Claimants Drawing One or More Checks	Claimants Exhausting All Benefits	
	Number	Percent
12,896	5,982	46.4

**TEMPORARY ASSISTANCE TO EMPLOYABLE PERSONS**  
**FROM SPECIAL FUNDS**  
**ALLEGANY COUNTY**  
**JANUARY-OCTOBER 1950**

	Cases	Payments
Total January through June.....		\$157,529.08
January .....	404	30,303.35
February .....	580	43,733.12
March .....	643	49,616.58
April .....	239	18,465.75
May .....	97	8,070.20
June .....	89	7,340.08
July .....	.....	.....
August .....	.....	.....
September .....	.....	.....
October .....	.....	.....

Note: Allegany County matching funds exhausted as of June 30, 1950.

Source: Monthly Statistical Report of the State Department of Welfare—State of Maryland.

## OAKLAND

### Summary of Economic Developments and Trends 1949 - 1950

The Oakland Labor Market area consists of Garrett County, Maryland and is located in the extreme western part of the State in the Allegheny Mountains. The natural resources of the county, bituminous coal and forests, make the region's main industries mining and lumbering. A large proportion of the population is engaged in agriculture, and dairying is becoming increasingly important. However, because of its geographical location, no major manufacturing industry has been attracted to this area.

Since Garrett County did not offer any facilities for the manufacture of war material, during World War II, this area was a source of manpower supply for industries located in other areas. A proportion of these workers failed to return home after the war, and in the decade between 1940 and 1950, the population of the county dropped from 21,981 to 20,831 or approximately 5%. Another factor which probably contributed to the loss of population for the past few years was the lack of local job opportunities, especially for high school and college graduates.

Formerly around 16 per cent of the Garrett County working population depended upon the mines for jobs, but the high cost of production and declining demand for coal caused employment in these mines, which produced 65% of the coal mined in the State, to drop from an average of 1,100 men in 1948 to 800 men in 1949. In 1949, 63% of the coal in the county was machine-mined. Of these mechanized mines, however, only one is still operating, with an average employment of 150 men. Altogether, there are from 30 to 35 small mines in the county which employ a total of about 150 workers.

The decline of the mining industry, so important to the economy of the county, has been the major cause of widespread unemployment which reached a peak in April of this year. The first important mine to cease operation was one at Shallmar, which closed in the spring of 1949. This mine is located in a comparatively isolated section and at that time, the county as a whole was not affected seriously by the loss of jobs. However, in Shallmar, which is strictly a mining community with no other

industries, the situation became so critical by the winter of 1949-1950 that civic organizations and private individuals contributed food and clothing to help alleviate the distress caused by months of unemployment.

The authorities in Garrett County were willing to provide some type of assistance for employable persons who had exhausted unemployment benefits or were ineligible under the Unemployment Compensation law. They initiated a local works program rather than participate in the State program, which allocated funds to the counties for direct assistance to employable persons on a matching basis. This local work-relief program was coordinated with the activities of the county roads program and \$8,000 was ear-marked for this purpose. The men assigned were selected on the basis of need and in most instances, worked on a 3-day week. Altogether, approximately 100 families benefited from this program from January to March 1950, but no funds have been available for this type of assistance since that time.

By the end of April, two of the mines had shut down permanently. After the work of dismantling and removing all equipment was completed, mine employment in the county declined to approximately 350. The lumber industry, consisting primarily of production of mine props, was affected by the closing of these mines and employment in this industry declined by approximately 100 workers.

Unemployment in the Oakland area had now reached about 1,500 or 21 per cent of the total labor force. Oakland became designated an "E" or "distress" area. (According to the Federal classification, an "E" area is one in which unemployment exceeds 12 per cent of the labor force.)

Unemployment benefits were available to many of those out of work. In the 1949 benefit year, 685 claimants exhausted all benefits. A new benefit year began April 1, 1950 and up to the end of October, 418 claimants had exhausted their full entitlement. Total benefits paid in Garrett County in the year 1949 amounted to \$357,600 and up to the end of October of this year were \$286,975. However, because of the rural character of the county, there are relatively fewer workers in Garrett County covered by unemployment benefits than in the majority of Maryland counties.

During the past summer, there was a gradual improvement in the economic situation. Seasonal gains were recorded in agricultural employment, construction, retail trade and in the service industries which cater to summer vacationists. In the latter group, which includes hotels and eating and drinking places, job opportunities offered are of minor significance since this type of business is largely family-owned and operated. Some public construction and extensive road building carried on by the State through the fall months absorbed many workers in scattered sections of the county and made an important contribution to the reduction of the jobless rolls. Moreover, the growing need for workers in areas outside the county and in other States has been responsible for considerable out-migration. Taking into account all of the factors, it is estimated that by October, unemployment in the Oakland area had dropped to approximately 900 or 13 per cent of the labor force.

There is not a great amount of work available in Garrett County during the winter months. One coal company indicates a moderate increase in employment and clearing the roads will provide some temporary jobs. As workers are continuing to leave the county there is reason to expect a marked decline in unemployment by spring.

In the meantime, attempts to plan for a long-range development of the resources of the county are underway. Since mid-summer, the Federal Departments of Labor and Commerce have been conducting an exhaustive survey of all phases of the economic and social characteristics of this section, in an effort to find a permanent solution to the employment problems in this locality. Garrett County is included in this study. The State Planning Commission also will undertake a survey of these counties in the near future, with a view to exploiting their recreational facilities. Local groups, such as the Mountain Top Chamber of Commerce are canvassing the possibilities of securing new industry for the area, particularly in a field of manufacturing which will provide jobs for men.

**ESTIMATED TOTAL CIVILIAN LABOR FORCE  
GARRETT COUNTY**

	Oct. 1949	Mar. 1950	July 1950	Oct. 1950
Total Civilian Labor Force.....	7,200	7,200	7,300	6,900
Unemployed.....	800	980	1,450	900
% of Labor Force.....	11.0	13.6	19.8	13.0
Workers involved in Labor- Management Disputes.....	400			
Employed.....	6,000	6,220	5,850	6,000
Non-Agricultural.....	3,800	4,020	3,500	3,800
Wage & Salaried Wkrs.....	2,450	2,635	2,250	2,545
All Others.....	1,350	1,385	1,250	1,255
Agricultural.....	2,200	2,200	2,350	2,200

**UNEMPLOYMENT BENEFITS PAID BY LOCAL OFFICE**

**1946-1948-1949-1950**

**OAKLAND**

1946	1948	1949	1950 <sup>1</sup>
112,893	85,747	357,595	291,921
<sup>1</sup> January through November			

**CLAIMANTS DRAWING ONE OR MORE CHECKS AND CLAIMANTS  
EXHAUSTING ALL ENTITLEMENT FOR BENEFIT YEAR 1949  
FROM APRIL 1, 1949 THROUGH MARCH 31, 1950**

**OAKLAND**

Number of Claimants Drawing One or More Checks	Claimants Exhausting All Benefits	
	Number	Percent
1,410	684	48.5

## On-The-Spot Investigations and Hearings in Cumberland and Oakland

In September the Committee met in Western Maryland for three days of on-the-spot investigations and hearings. At that time unemployment in the Cumberland Area was 6,275 or 17.3 percent of the total labor force of 36,375. In the Oakland Area unemployment was 1,300 or 17.8 percent of the total labor force of 7,300. Public hearings were held in Cumberland and Oakland and the Committee visited the recreational areas in Garrett County and the mining communities of Shallmar, Vindex and Kitzmiller.

The hearings in both Cumberland and Oakland were well attended. The Mayor and County Commissioners of Cumberland and Oakland, representatives of labor and business, representatives of welfare, officials of the two Chambers of Commerce, and a number of other interested citizens presented their views to the Committee. A keen interest in the community's problem of unemployment, and a sincere desire to aid in finding a solution was displayed by all participants. In CUMBERLAND spokesmen for the Mining, Textile and Railroad industries held out little hope for any expansion within the near future and almost all who spoke before the Committee emphasized the need for new industries in the area. In OAKLAND, there was a consensus of opinion that only through the development of its recreational facilities and natural resources could Garrett County improve its economic situation.

On the Committee's visit to Shallmar, Kitzmiller and Vindex, the pessimistic views concerning the prospects for improvement in the mining industry, which were voiced at the hearings, were corroborated in interviews with both miners and representatives of the mine owners. They stated that there is plenty of coal in the mines, but orders are falling off sharply due to the conversion to oil by some utilities, and to the switch from coal burning engines to diesels in the railroad yards. The Western Maryland mines which are not mechanized, or at best are only partly mechanized, are having difficulty competing with the highly mechanized mines. Some few miners are leaving the area. It was brought out that many of the coal miners know no other type of work and have little chance of being placed on other jobs.

By testing them to determine their aptitudes and through training for some suitable type of work, they can become useful and productive workers. Textile workers who have advanced from unskilled to semi-skilled work, and whose jobs have been abolished, present the same problem.

It was also brought out that while suitable jobs are often available out of the area, the worker in most cases has no funds to finance himself to the job.

The visits to the recreational areas in Garrett County showed them to be sadly underdeveloped. Roads were bad and parking facilities were inadequate. The Committee was told that although the state owns 33,000 acres in the area, it does not own any lake front property that could be used as a public beach. It was also pointed out that most of the tourist trade comes from the West—Pittsburgh, Cleveland and adjacent areas. Greater efforts should be made to attract tourists from Baltimore and Washington. Good roads, parking facilities, adequate tourist accommodations and a public park on the lake front would greatly enhance the economic development possibilities of the area.

The possibilities of the developing of this area into a summer and winter recreational area are now being explored by the State Planning Commission.

Concerning relief, the Committee was informed that Garrett County had carried on its own Works Program from January through March 1950. The program had given employment to approximately 100 workers at a cost of \$8,000. Upon exhaustion of funds set aside for this purpose, the county did not participate in the State appropriations of matching funds for unemployed workers. Allegany County had participated, to the extent of \$80,000, in the State appropriations of matching funds for the relief of unemployed workers. As it could not go beyond that point without increasing the tax rate, Allegany County is no longer participating.

It was pointed out that unless business takes an unexpected turn for the better in both the Cumberland and Oakland areas, there will undoubtedly be need in the winter for some type of assistance.



### Conclusions—Relative to Western Maryland

CUMBERLAND'S problem might be summed up by stating that too much dependence has been placed on a few industries. If job opportunities are to be furnished to those who want and need them, new industries must be attracted to the area. Only by industrial growth can the area be permanently benefited.

OAKLAND'S problem is a direct result of the decline in the mining industry and there seems little hope for any improvement in that industry. Lack of manufacturing has also contributed to the problem. The development of recreational facilities should offer some solution.

It is very evident that on the local level much is being done to solve the community's problem of unemployment. The amount of time, thought and work that is being given to these problems is most impressive and this Committee commends Mr. David L. Kauffman, Chairman of the Allegany County Steering Committee and his fellow workers for the splendid job they are doing.

Their activities point up the many ways in which an interested group of citizens can work toward the improvement of the economic welfare of their community.

The Committee feels that any State Department or group who may, at a later date, be working on this same problem of attracting industries to a particular area, can learn much from the experience of Allegany County.

The Committee had hoped to include in its report some of the findings and recommendations of the joint Federal Survey of the industrial resources and economic potentialities of Allegany and Garrett Counties. As the survey is not yet completed, this Committee can only refer it to the attention of the General Assembly.

Finally, if at the time this report comes before the General Assembly, unemployment in Cumberland and Oakland is still at a critically high level, this Committee urges that:

1. The immediate needs of the area be given priority consideration.
2. Contemplated State projects for the area be immediately accelerated in order to put some of the unemployed to work.

3. Wherever possible, county-state projects be set up as a works program with a sliding scale of matching funds.
4. The testing program, in the Department of Employment Security, to determine additional aptitudes and skills of the unemployed, be intensified.
5. Training programs, to rehabilitate workers to other skills, be set up.
6. Some immediate consideration be given to the possibility of advancing funds for transportation to unemployed workers moving to jobs in other areas of the State.

## FINAL DECISION OF THE COMMITTEE

It was intended that the FINDINGS AND CONCLUSIONS as shown in the preceding section of this report, should lead up to the recommendations of the Committee. Because of the general improvement in employment conditions for the State as a whole, the Committee, early in its investigations, decided that its recommendations would be directed largely toward long-range preventive measures against future unemployment. When the Committee met for the last time, to give final approval to the report, a national emergency had been declared by the President of the United States. In the light of this present national emergency, the Committee feels that no good purpose can be served by submitting recommendations at this time. Recommendations of an emergency nature are no longer needed and recommendations directed to long-range preventive measures would of necessity be put aside until the national emergency is over.

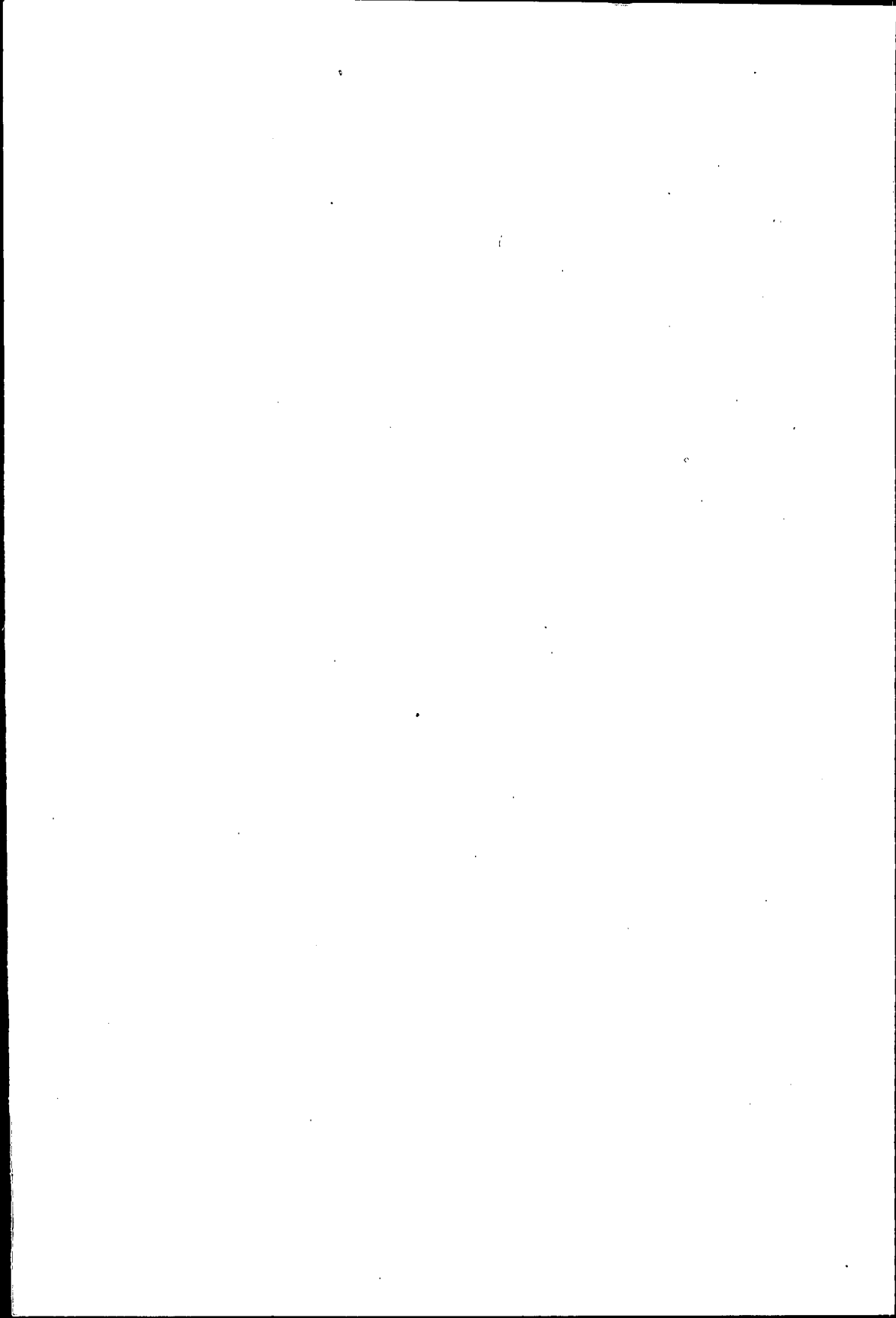
Government, labor and industry are now vitally concerned with the urgent problems of production and manpower. There is every indication that, aside from brief periods of idleness in industries converting to defense production, unemployment will be at a minimum for some time to come.

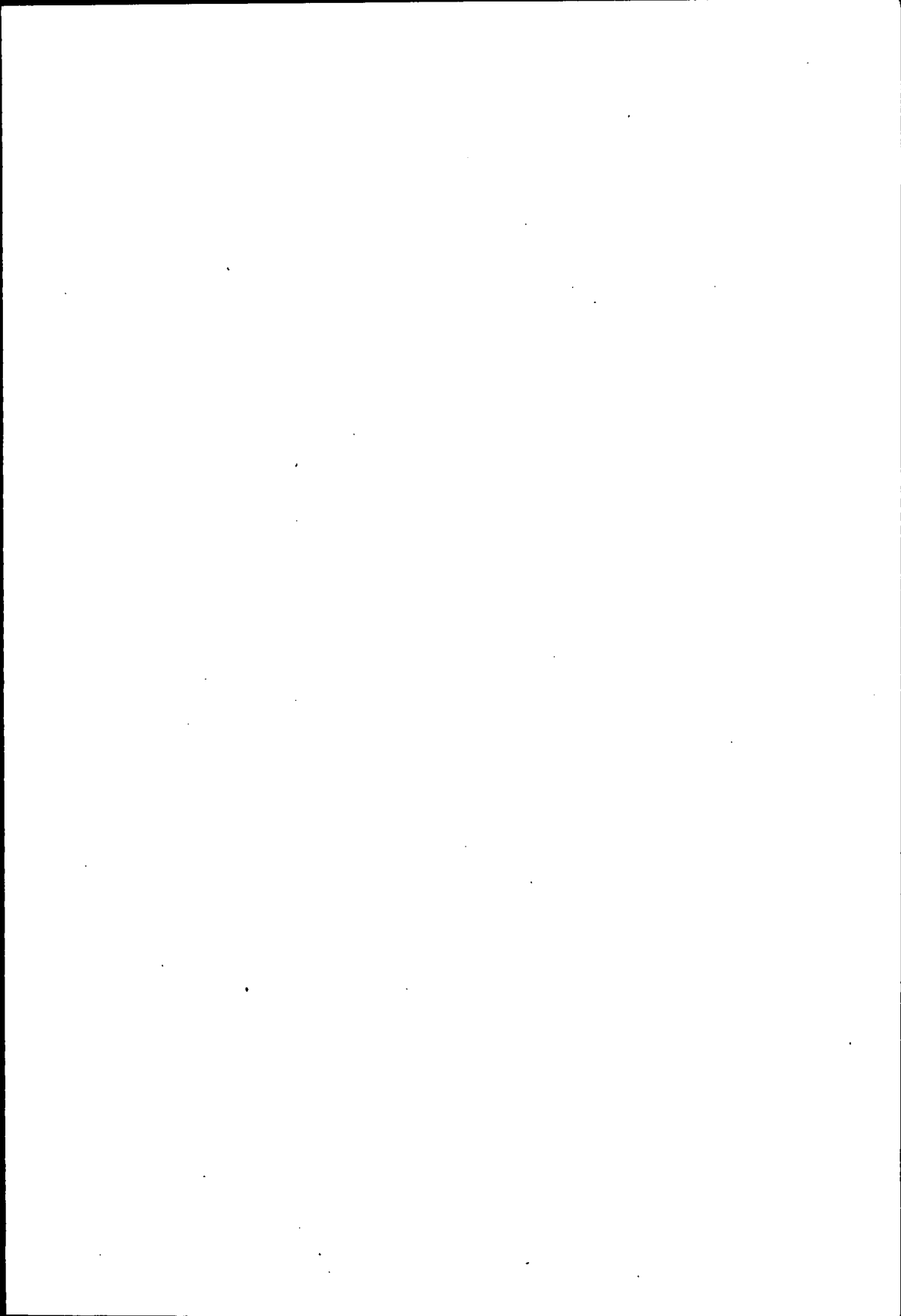
The Committee believes that problems arising from temporary unemployment can be met by unemployment compensation benefits and the special State appropriations of matching funds for assistance to unemployed employables.

Now, when all of our energies and resources are needed to protect and assure our free way of life, any recommendations for an expenditure of money and time toward the prevention of future unemployment would be both untimely and unrealistic.

The work of this Committee is not necessarily lost. At some future time, when we have returned to a peacetime economy, it is hoped that this report will be of some assistance in the study of the problems of unemployment.

AO





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